

ANALYSIS

This ordinance amends Sections 7.20.010, 7.20.160, 7.20.430, 7.20.440, and 7.20.460, of Title 7 – Business Licenses, of the Los Angeles County Code, to conform to revisions to California Penal Code section 326.5 relating to restrictions on bingo games for charity. The amendments include: (1) updating the definitions of organizations allowed to conduct bingo games; (2) allowing bingo games to be conducted in more than two locations; (3) amending the use restrictions on proceeds derived from bingo games; and (4) raising the maximum amount of prize money that may be awarded during the conduct of bingo games. In addition, this ordinance amends Section 7.20.460 to make the text of the section and the heading consistent with each other and with the language of Penal Code section 326.5.

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By 

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SP:mv

09/11/14 (Requested)
12/08/14 (Revised)

ORDINANCE NO. _____

An ordinance amending Title 7 – Business Licenses of the Los Angeles County Code, relating to the business licensing of bingo games.

The Board of Supervisors of the County of Los Angeles ordains as follows:

SECTION 1. Section 7.20.010 is hereby amended to read as follows:

7.20.010 Definitions.

As used in this chapter:

A. "Bingo" means a game of chance in which prizes are awarded on the basis of designated numbers or symbols on a card which conforms to numbers or symbols selected at random.

B. "Eligible organization" means:

~~1. Labor, agricultural or horticultural organizations other than cooperative organizations described in Revenue and Taxation Code Section 24404 or Section 24405;~~

~~2. Fraternal beneficiary societies, orders, or organizations:~~

~~a. Operating under the lodge system or for the exclusive benefit of the members of a fraternity itself operating under the lodge system, and~~

~~b. Providing for the payment of life, sick, accident, or other benefit to the members of such society, order or organization or their dependents;~~

~~3. Corporations, community chests or trusts, organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary or educational purposes, or for the prevention of cruelty to children or animals, no part of~~

~~the net earnings of which inures to the benefit of any private shareholder or individual, and no substantial part of the activities of which is carrying on propaganda, or otherwise attempting to influence legislation, and which does not participate in or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office. An organization is not organized exclusively for exempt purposes listed above unless its assets are irrevocably dedicated to one or more purposes listed in this section. Dedication of assets requires that in the event of dissolution of an organization or the impossibility of performing the specific organizational purposes, the assets would continue to be devoted to exempt purposes. Assets shall be deemed irrevocably dedicated to exempt purposes if the articles of organization provide that upon dissolution the assets will be distributed to an organization which is exempt under this section or Section (c)(3) of the Internal Revenue Code (26 USCS § 501(c)(3)) or to the federal government, or to a state or local government for public purposes; or by a provision in the articles of organization, satisfactory to the franchise tax board; that the property will be distributed in trust for exempt purposes; or by establishing that the assets are irrevocably dedicated to exempt purposes by operation of law. The irrevocable dedication requirement shall not be a sole basis for revocation of an exempt determination made by the franchise tax board prior to the effective date of the amendment codified herein;~~

~~4. Business leagues, chambers of commerce, real estate boards, or boards of trade, not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual;~~

~~5. Civil leagues or organizations not organized for profit but operated exclusively for the promotion of social welfare, or local organizations exclusively for the promotion of social welfare, or local organizations of employees, the membership of which is limited to the employees of a designated person or persons in a particular municipality, and the net earnings of which are devoted exclusively to charitable, educational, or recreational purposes. An organization is not organized exclusively for exempt purposes listed above unless its assets are irrevocably dedicated to one or more purposes listed in this section;~~

~~6. Clubs organized and operated exclusively for pleasure, recreation, and other nonprofitable purposes, no part of the net earnings of which inures to the benefit of any private shareholder;~~

~~7. Domestic fraternal societies, orders or associations, operating under the lodge system, the net earnings of which are devoted to religious, charitable, scientific, literary, educational and fraternal purposes, and which do not provide for the payment of life, sick, accident or other benefits. For the purposes of this section, the term "domestic" means created or organized in the United States or under the law of the United States or of any state or territory;~~

~~8. Mobile home park associations and senior citizen organizations.~~

1. Organizations exempt from the payment of bank and corporation tax by sections 23701a, 23701b, 23701d, 23701e, 23701f, 23701g, 23701k, 23701l, and 23701w of the Revenue and Taxation Code;

2. Mobile home park associations of mobile home parks that are situated in the County;

3. Senior citizen organizations; and

4. Charitable organizations affiliated with a school district.

SECTION 2. Section 7.20.160 is hereby amended to read as follows:

7.20.160 License—Contents.

Upon receipt of an order from the business license commission, the Tax Collector shall issue a license containing the following information:

- A. The name and nature of the organization to whom the license is issued;
- B. The address(s) or location(s) of the place(s) where bingo games are authorized to be conducted ~~not more than two locations shall be authorized;~~
- C. The occupancy capacity of the room in which bingo games are to be conducted;
- D. The date of the expiration of such license;
- E. Such other information as may be necessary or desirable for the enforcement of the provisions of this chapter;
- F. Whether the maximum number of players allowed is limited to 100 or less at any time.

SECTION 3. Section 7.20.430 is hereby amended to read as follows:

7.20.430 Proceeds—Use rRestrictions.

- A. ~~The proceeds derived from the operation of bingo shall be used only for charitable purposes;~~

~~B. Organizations defined in Section 3504(a) (3) above shall keep bingo proceeds in said special account and such funds shall not be commingled with any other fund or account. With respect to organizations exempt from payment of bank and corporation tax by section 23701d of the Revenue and Taxation Code, all profits derived from a bingo game shall be kept in a special fund or account and shall not be commingled with any other fund or account. Those profits shall be used only for charitable purposes. Eligible organizations defined other than by subsection B3 of Section 7.20.010 above shall keep all proceeds derived from bingo games in the special account described in Section 7.20.460, and such proceeds shall not be commingled with any other fund or account.~~

B. With respect to other organizations authorized to conduct bingo games pursuant to this chapter, all proceeds derived from a bingo game shall be kept in a special fund or account and shall not be commingled with any other fund or account.

Such proceeds shall be used only for charitable purposes, except as follows:

1. Such proceeds may be used for prizes at authorized bingo games;
2. A portion of such proceeds, not to exceed ~~10~~20 percent of the proceeds ~~after~~before the deduction for prizes, or ~~\$500.00~~\$2,000 per month, whichever is less, may be used for rental of property, overhead, and administrative expenses; and
3. The proceeds may be used to pay license fees.

C. The proceeds shall be disbursed by check at least quarterly for a charitable purpose.

SECTION 4. Section 7.20.440 is hereby amended to read as follows:

7.20.440 Prizes—Maximum.

The total value of prizes awarded during the conduct of any bingo games shall not exceed ~~\$250.00~~\$500.00 in cash or kind, or both, for each separate game which is held. All monetary or cash prizes shall be paid in the form of a check drawn on a financial institution.

SECTION 5. Section 7.20.460 is hereby amended to read as follows:

7.20.460 Profits to be kept in ~~separate~~special fund or account.

All proceeds derived from a bingo game shall, within 24 hours, be deposited in a special fund or account ~~in a financial institution~~, and shall not be commingled with any other account or funds.

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